

## Message Text

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16

ACTION EB-07

INFO OCT-01 EUR-12 NEA-09 ISO-00 CIAE-00 DODE-00 NSAE-00

NSCE-00 SSO-00 USIE-00 INRE-00 PM-03 H-02 INR-07 L-02

NSC-05 PA-02 PRS-01 SP-02 SS-15 AID-05 COME-00 FRB-01

TRSE-00 XMB-04 OPIC-06 CIEP-02 LAB-04 SIL-01 OMB-01

CEA-01 STR-04 IO-10 OES-05 INT-05 FEA-01 /118 W

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O R 160716Z MAR 75

FM AMEMBASY KUWAIT

TO SECSTATE WASHDC IMMEDIATE 2508

INFO AMEMBASSY ABU DHABI PRIORITY

AMEMBASSY BEIRUT PRIORITY

AMEMBASSY BONN

AMCONSUL DHAHRAN

AMEMBASSY DOHA PRIORITY

AMEMBASSY JIDDA PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY MANAMA PRIORITY

AMEMBASSY MUSCAT PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY TEHRAN PRIORITY

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USINT BAGHDAD

UNCLAS KUWAIT 1189

DEPT PASS TREASURY AND FRB; PARIS ALSO FOR RFC

E.O. 11652: N/A

TAGS: EFIN KU

SUBJECT: KUWAIT SUSPENDS DOLLAR TRANSACTIONS

1. FINANCE MINISTER ATEEQI ANNOUNCED MARCH 15 THAT GOK ORDERED

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A BAN ON ALL DOLLAR TRANSACTIONS IN WAKE OF RECENT SAUDI

ACTION DETACHING RIAL FROM DOLAR AND PEGGING IT TO SDR.  
ATEEQI ANNOUNCEMENT WAS MADE FOLLOWING MEETING WITH GOVERNOR  
CENTRAL BANK AND TOP OFFICERS OF LOCAL BANKS AND INVESTMENT  
COMPANIES. HE SAID BAN WAS TOTAL UNTIL FURTHER NOTICE AND THAT  
IT WILL REMAIN IN EFFECT UNTIL SITUATION CLEARS UP TO SATIS-  
FACTION OF GOK.

2. ATEEQI DID NOT RPT NOT SAY WHETHER GOK INTENDS TO FOLLOW  
SAUDI AND IRANIAN MOVES AND PEG KUWAITI DINAR TO SDRS.  
IN FACT, LOCAL NEWSPAPERS QUOTING RELIABLE SOURCES INDICATED  
THAT GOK IS NOT ALTOGETHER HAPPY WITH UNILATERAL MOVES OF ITS  
NEIGHBORS. ATEEQI STRESSED THAT WHATEVER ACTION KUWAIT TAKES,  
IF ANY, WILL BE BASED ON ITS OWN CONDITIONS AND REQUIREMENTS  
AND WILL NOT BE DONE SIMPLY BECAUSE OF THE ACTIONS OF A  
NEIGHBORING STATE.

3. COMMENT: AS DEPARTMENT AWARE SENIOR GOK OFFICIALS INCLUDING  
ATEEQI HAVE EXPRESSED CONCERN IN RECENT WEEKS OVER CON-  
TINUAL DROP IN DOLLAR VALUES. WITHIN KUWAIT DOLLAR HAS BEEN  
UNDER PRESSURE AS LOCAL GROUPS AND INSTITUTIONS HAVE BEEN  
TRYING TO UNLOAD THEIR HOLDINGS. GOK WAS BECOMING CONCERNED  
OVER WHAT ONE BANKER REFERRED TO AS AN ARTIFICIAL  
WEAKENING OF THE DINAR WHICH IS INDIRECTLY LINKED TO DOLLAR.  
FYI ITS DAILY RATE IS PEGGED TO A BASKET OF CURRENCIES OF WHICH  
DOLLAR IS MOST IMPORTANT ELEMENT. END FYI.

4. DESPITE CONCERN OVER DOLLAR, KUWAITI FINANCIAL AUTHORITIES  
HAVE TRADITIONALLY BEEN VERY CAUTIOUS IN CONSIDERING  
REVALUATIONS. THEY ARE ALWAYS CONCERNED ABOUT DESTABILIZING  
ASPECTS OF SUCH A MOVE. MOREOVER, GOK MUST CONSIDER IMPLICA-  
TIONS FOR ITS RELATIVELY EXTENSIVE INTERNATIONAL ECONOMIC  
ACTIVITIES, INCLUDING OVERSEAS INVESTMENTS. TO THE EXTENT  
MONETARY MOVES ARE RELATED TO OIL PRICES AND PAYMENTS, GOK  
WOULD MUCH PREFER TO WORK THROUGH OPEC.

5. NEAR TERM OUTLOOK IS CONFUSED. LOCAL OBSERVERS, NOTING  
CONFLICTING CONCERNS OF GOK DESCRIBED ABOVE, BELIEVE THERE  
BETTER THAN EVEN CHANCE THAT DINAR WILL BE REVALUED OR  
ALLOWED TO FLOAT. AS OF NOW, HOWEVER, THIS NOT CERTAIN.

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NNN



## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DOLLAR, FOREIGN EXCHANGE CONTROLS, DINAR, REVALUATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 MAR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975KUWAIT01189  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750092-0112  
**From:** KUWAIT  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750346/aaaabpiq.tel  
**Line Count:** 107  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** hartledg  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 13 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <13 JUN 2003 by BrownAM>; APPROVED <19 FEB 2004 by hartledg>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** KUWAIT SUSPENDS DOLLAR TRANSACTIONS  
**TAGS:** EFIN, KU, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006